Link Brown
Director-
Federal Regulatory

DOCKET FILE COPY ORIGINAL

EX PARTE OR LATE FILED

RECEIVED

JUN - 6 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

June 6, 1997

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 95-116, Local Number Portability

Dear Mr. Caton:

In accordance with Commission rules, please be advised that yesterday, Mr. Frank Meeks, Ms. Chris Jines and the undersigned, representing Southwestern Bell Telephone Company ("SWBT"), met with Mr. Neil Fried, Mr. Lenworth Smith, Mr. Lloyd Collier and Mr. Jim Lichford of the Competitive Pricing Division to discuss SWBT's tariff filing to recover the costs associated with the implementation and ongoing operations of long-term number portability. Specifically, the SWBT representatives presented the cost methodology and rate development methodology to the representatives of the Competitive Pricing Division. The details of the discussion are contained in the attached handouts.

Please do not hesitate to contact me at (202) 326-8890 if you have any questions.

Sincerely,

Link Brown/ek

Attachments

cc: Mr. Fried
        Mr. Smith
        Mr. Collier
        Mr. Lichford

No. of Copies rec'd O+1
List ABCDE

BASIC SPNP SERVICE

CATEGORY "a" COSTS: *(Figure 1 - Line 6)*

1) $ <u>0.000750</u> * 99 [1] = $ 0.07425 per line per month (ongoing)
   annual direct costs

CATEGORY "c" COSTS *(Figure 4)*

2) $ <u>199,095,104</u> ÷ <u>116,767,500,000</u> [2] = 0.00171 * 99 [1] = $ 0.16929 per line per month (ongoing)
       costs   queries

CATEGORY "d" COSTS: *(Figure 5)*

3) $ <u>476,805,697</u> ÷ <u>971,000,000</u> [3] = $ 0.49 Per line per month for 60 months
   nonrecur. non-vol. sens. costs   lines

$$\sum_{1-3} = .07425 + .16929 + .49 = .73354 = \$0.74$$

---

[1] AVERAGE NUMBER OF QUERIES PER LINE PER MONTH
(SWBT & Resold Demand - 5 yrs. [*Figure #4*] ÷ Total lines for 5 states - 5 yrs. [*Figure #5*])

[2] TOTAL NUMBER OF QUERIES OF ALL TYPES (Total queries - 5 yrs. [*Figure #4*])

[3] TOTAL OF LOCAL EXCHANGE LINES + LINE SIDE ACCESS LINES + RESOLD
LINES (Total lines for 5 states - 5 yrs. [*Figure #5*])

SPNP QUERY SERVICE

PREARRANGED:

CATEGORY "a" COSTS: *(Figure 1 - Line 9)*

1) $ <u>0.001284</u> Per Query
   loaded annual direct costs

CATEGORY "c" COSTS: *(Figure 4)*

2) $ <u>199,095,104.20</u> ÷ <u>116,767,500,000</u> [4] = $ 0.00171 Per query

   costs   queries

$\sum\limits_{1-2}$ = $ .001284 + .00171 = .00299 ≈ $ 0.003 Per query

DEFAULT

$ 0.003 [5] * 2 = $ 0.006 Per query

---

[4] TOTAL NUMBER OF QUERIES OF ALL TYPES (Total queries *[Figure #4]*)

[5] RATE FOR THE PREARRANGED QUERY

SPNP DATABASE QUERY

CATEGORY "a" COSTS: *(Figure 3 - Line 9)*

1) $ <u>0.001271</u> [6]

   loaded annual direct costs

CATEGORY "c" COSTS:

2) $ <u>199,095,104.20</u> ÷ <u>116,767,500,000</u> [7] = $ 0.00171

     costs   queries

$\sum$ = $ .001271 + 0.00171 = $0.002981 ≈ $ .003

1-2

---

[6] REPRESENTS A SUBSET OF CCS/SS7 TRANSPORT COSTS (INCLUDES ONLY THE COSTS ASSOCIATED WITH THE TRANSPORT FROM THE REGIONAL STP TO THE SPNP DATABASE) *(Figure 3)*

[7] TOTAL NUMBER OF QUERIES OF ALL TYPES (Total queries *[Figure #4]*)

COST CATEGORY/ RATE ELEMENT MAP

RATE ELEMENT	RATE DESIGN
Basic SPNP Service	This monthly recurring charge can be expressed as the sum of (1+2+3) where: [1] • 1 = CATEGORY "a" COSTS expressed on a per query basis * average number of queries per line per month. • 2 = CATEGORY "c" COSTS divided by the total number of SPNP queries of all types and then multiplied by the average number of queries per line per month for the applicable classes of customers as outlined above. • 3 = CATEGORY "d" COSTS amortized over the recovery period (60 months) and divided by the sum of local exchange customer lines [2] + the number of line side access lines (FG-A & BSA-A) + the number of resold lines.

---

[1] Ongoing portion of category (a) & (c) costs associated with queries made in support of local calls will be recovered from overall operations after the amortization period.

[2] Excludes Lifeline Service subscribers

SPNP Query - Prearranged	**This per query charge can be expressed as the sum of (1+2) where:** • **1 = CATEGORY "a" COSTS expressed on a per query basis.** • **2 = CATEGORY "c" COSTS divided by the total number of SPNP queries of all types.** **One nonrecurring charge CATEGORY "b" COSTS applies:** • **Access Order Charge - per order as specified in Section 5.3.1**
SPNP Query - Default	**This per query charge can be expressed as the sum of (1+2) * 2 where:** [3] • **1 = CATEGORY "a" COSTS expressed on a per query basis.** • **2 = CATEGORY "c" COSTS divided by the total number of SPNP queries of all types.**

---

[3] The marginal cost of providing a default query is doubled to reflect several realities: 1) All default queries are assumed to occur during peak periods (*i.e.,* default capacity engineering), 2) Customers have a choice and as such are not disadvantaged by this rate strategy, 3) Overall network reliability and service integrity for "prearranged" query customers is assured only when traffic volumes can be anticipated (*i.e.,* should network controls become necessary due to unanticipated volumes of default queries, all queries will be impacted equally).

SPNP Database Query	**This per query charge can be expressed as the sum of 1+2 where:** • **1 = A subset of CATEGORY "a" COSTS expressed on a per query basis.** [4] • **2 = CATEGORY "c" COSTS divided by the total number of SPNP queries of all types.** **Two nonrecurring charges CATEGORY "b" COSTS apply:** • **Access Order Charge - per order as specified in Section 5.3.1** • **Point Code Translation - per point code as specified in Section 23.4(C)**

---

[4] The Commission's MO&O in CC Docket 96-98, dated August 8, 1996 at Paragraph 480 concludes that it is not necessary for LECs to permit direct access to call related databases. Therefore, in deference to the Commission's earlier LIDB Order, signaling transport between SWBT's regional STP and its SPNP ISCP is bundled in the SPNP Database Query Charge.

LONG TERM NUMBER PORTABILITY / COST RECOVERY

APPLICATION OF RATES

- **Basic SPNP Service – Applies to all End User Lines (Except Lifeline Subscribers), Line Side Access Lines (FG-A & BSA-A), And Resale Lines on a per line per month basis.**

- **SPNP Query Service – Applies To N-1 Networks Purchasing Trunk Side Switched Access [1] on a per query basis.**

  - ➢ **Prearranged – Applies Where Service Is Ordered In Advance**

  - ➢ **Default – Applies Where The Customer Does Not Order Service In Advance Yet Terminates Calls For Ported NXXs To SWBT's Network Un-Queried**

- **SPNP Database Query Service – Applies Where The N-1 Network Interconnects With SWBT's SPNP Database Using SWBT'sCCS/SS7 Interconnection Service (Section 23) [1] on a per query basis**

---

[1] Chargeable regardless of whether or not the directory numbered queried is actually ported

LONG TERM NUMBER PORTABILITY / COST RECOVERY

ORDER OF MAGNITUDE RATES

- **Basic SPNP Service** .... **$ 0. 74**   **Per line per Mo. for 60 mos.**

- **SPNP Query Service**

  ➢ **Prearranged** .... **0. 003**   **Per Query**

  ➢ **Default** .... **0. 006**   **Per Query**

- **SPNP Database Query** .... **0. 003**   **Per Query**

COST RECOVERY MATRIX

	RECURRING	NONRECURRING
VOLUME SENSITIVE	**CATEGORY "a" COSTS:** SS7 capital costs (*e.g.,* ISCP, STP, Links, Switch) [5]	**CATEGORY "b" COSTS:** Access Ordering Process (ASR) Point Code Translation
NON-VOLUME SENSITIVE	**CATEGORY "c" COSTS:** LSMS Hardware RSMS Expenses (*e.g.,* administration, downloads) LSMS Expenses ISCP Expenses (*e.g.,* feature development, software maintenance) Work Force (*e.g.,* dedicated work force for SPNP (*i.e.,* CNOC)) LNPC Expenses (*e.g.,*Number Portability Center to handle service orders that fall out of mechanized process) Miscellaneous (*e.g.,* Operator Services)	**CATEGORY "d" COSTS:** Switch Hardware (*e.g.,* processor upgrades) OSS Hardware (e.g., equipment upgrades/ additions for SPNP) Switch Expenses (*e.g.,* software RTU) ISCP Expenses (*e.g.,* LIDB/SPNP development, AIN feature redevelopment, application deployment [6]) Work force (*e.g.,* project coordination) Bellcore (*e.g.,* OSS redevelopment) OSS Expenses (*e.g.,* system upgrades/changes for SPNP) STP Expenses (*e.g.,* SPNP/GTT functionality)

---

[5] Represents the imputation of cost to SPNP customers for SS7 query transport and switching in connection with the SPNP signaling messages transported over SWBT's SS7 network.

[6] Work specific to number portability(Type 2) required at the switch and at the ISCP

INCLUDED IN SPNP QUERY
AS CATEGORY "c" & "d" COST

SUBSET OF CATEGORY "a" COSTS

LNP
ISCP

RSTP

SPOI

CARRIER'S
STP

CATEGORY "a" COSTS

CCS / SS7 INTERCONNECTION
SECTION 23 OF FCC # 73

LSTP

SWBT
EO

SPOI

CARRIER'S
STP

LOCAL SERVICE